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SUBJECT: AZERBAIJAN: FINANCE MINISTER EXPRESSES INTEREST IN
CONTINUING ECONOMIC PARTNERSHIP COMMISSION

¶1. SUMMARY: DAS Kaidanow met with Azerbaijan's Minister of Finance Samir Sharifov on October 23. In an open and candid discussion, both noted their desire for continued cooperation, possibly including another round of the Economic Partnership Commission. Sharifov complained about Freedom Support Act Section 907 and the Jackson-Vanik Amendment, but pointed to important elements of U.S.-Azerbaijan economic cooperation, including satellite and highway construction projects and the co-financing agreement on economic assistance. He offered to host the next EPC in Baku early next year, pending the appointment of a new U.S. co-chair. End Summary.

Minister of Finance is Ready to Host the Next EPC, but . . .

¶2. In her October 23 meeting with Finance Minister Samir Sharifov, DAS Kaidanow stressed USG support for continued constructive collaboration with Azerbaijan and expressed U.S. appreciation for Sharifov's leadership of the joint Economic Partnership Commission (EPC). She also noted U.S. interest in energy transportation negotiations between Turkey and Azerbaijan, and assured Sharifov that the U.S. is communicating its support for a mutually agreeable solution with Turkey as well. Minister Sharifov said he is ready to host the next EPC in Baku as soon as a new U.S. co-chair is identified. He also highlighted recent examples of positive U.S.-Azerbaijan cooperation, including the selection of a U.S. company (Orbital) for Azerbaijan's first communications satellite project, the elevation of the EPC from the working-group level, the signing of the co-financing MOU with USAID, and the prospect of U.S. companies being involved in the long awaited East-West highway project. He noted that the GOAJ will be looking to the U.S. Export-Import Bank to help finance the U.S. content of the satellite project and that funds for the co-financing program were already being transferred to the USAID accounts.

. . . Jackson Vanik and Section 907 Need to Go

¶3. Sharifov went on to express specific GOAJ concerns he said would need to be addressed at subsequent EPC meetings. He noted Azerbaijan's opinion that the Jackson-Vanik Amendment was redundant as applied to Azerbaijan and said the GOAJ would like to see this permanently repealed. When DAS Kaidanow noted that Jackson Vanik is often repealed as part of a "package deal" when a country accedes to the WTO, Sharifov said he did not see the relevant connection, but that he understood there are sometimes lengthy processes to abolish these measures. Sharifov also noted that Azerbaijan's designation under Section 907 of the Freedom Support Act was detrimental to U.S.-Azerbaijan economic relations. The GOAJ would like to see this legislation abolished as well. The

Minister, illustrating his understanding of U.S. bureaucratic timelines, pointed out that the GOAJ would, at the very least, look for a waiver of Section 907 if the amendment could not be abolished by January. Kaidanow made no promises in this regard, but noted that the Economic Partnership Commission could address a number of issues of mutual interest in the bilateral relationship.

14. DAS Kaidanow has cleared this cable.

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